

## Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 STR-08 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

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DRAFTED BY EB/ OT/ TA: JPCRAWFORD: JMN

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FM SECSTATE WASHDC

TO USMISSION GENEVA

AMEMBASSY LONDON

INFO USMISSION EC BRUSSELS

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E. O. 11652: N/ A

TAGS: ETRD, GATT, UK, US

SUBJECT: PREFERENCES TO COMMONWEALTH CARIBBEAN AND UK  
DOLLAR AREA QUOTAS.

REF: A) GENEVA 1324, B) GENEVA 1350, C) STATE 225177 OF  
DEC. 12, 1972.

1. IN RESPONSE TO UK REQUESTS FOR ( A) SYMPATHETIC  
CONSIDERATION BY US OF ECONOMIC CONSEQUENCES FOR COMMON-  
WEALTH CARIBBEAN COUNTRIES OF BRITAIN' S ENTRY INTO THE EC  
AND ( B) SUSPENSION OF WORK OF GATT PANEL ON DOLLAR AREA  
QUOTAS TO ENABLE UK AND US TO WORK OUT COMPROMISE ACCEPT-  
ABLE TO COMMONWEALTH CARIBBEAN, DEPUTY ASSISTANT SECRETARY  
RENNER MADE FOLLOWING POINTS ON MARCH 30 TO BRITISH  
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COMMERCIAL COUNSELOR THOMAS SHARP.

2. US IS GIVING SERIOUS AND SYMPATHETIC CONSIDERATION TO UK NOTE. US WOULD WELCOME CONCRETE PROPOSALS FROM UK. RENNER NOTED SUGGESTION IN NOTE THAT US ABANDON ITS POSITION ON REVERSE PREFERENCES. HE SAID THIS IS NOT AN ACCEPTABLE SOLUTION; REVERSE PREFERENCES DISCRIMINATE AGAINST US EXPORTS AND PLACE OBSTACLES IN WAY OF LDCE EFFICIENT USE OF LIMITED RESOURCES.

3. SHARP NOTED US REQUEST FOR CONCRETE SUGGESTIONS FROM UK. HE ALSO SAID PURPOSE OF NOTE WAS TO LAY EMPHASIS ON DIFFICULT CHOICE CONFRONTING COMMONWEALTH CARIBBEAN CAUGHT BETWEEN TWO ECONOMIC SYSTEMS.

4. RENNER SAID THAT US DOES NOT ACCEPT IMMUTABILITY OF CHOICE CONFRONTING CARIBBEAN COUNTRIES. PROBLEM WOULD BE ON WAY TO SOLUTION IF THE EC WOULD REFRAIN FROM DEMANDING REVERSE PREFERENCES FROM THE COMMONWEALTH CARIBBEAN COUNTRIES.

5. REGARDING DOLLAR AREA QUOTAS, RENNER SAID THAT WE REGARD UK PREFERENCES TO COMMONWEALTH CARIBBEAN AND DOLLAR AREA QUOTAS AS TWO SEPARATE AND DISTINCT ISSUES. DOLLAR AREA QUOTAS ARE LONG- STANDING RESTRICTIONS ON CERTAIN EXPORTS FROM 18 DOLLAR AREA COUNTRIES, WHICH HAVE LONG SINCE CEASED TO SERVE ORIGINAL PURPOSE. RENNER THEN TOLD SHARP THAT US WAS NOT WILLING TO REQUEST PANEL TO POSTPONE ITS WORK UNLESS UK WAS PREPARED TO SET A SCHEDULE FOR PHASING OUT THE DAQ' S ON PRODUCTS OF INTEREST TO US. RENNER REMINDED SHARP THAT OUR OFFER HAD BEEN THAT IF THE UK WOULD AGREE TO SUCH A TIMETABLE, WE WOULD NOT PRESS THE QUESTION OF QUOTAS ON BANANAS OR ON CANNED AND FROZEN GRAPEFRUIT SEGMENTS. UTILIZING TABLE BASED ON UK TRADE DATA WHICH HE HANDED TO SHARP, RENNER DEMONSTRATED AGAIN THAT DAQ' S HAD NOT BENEFITED CARIBBEAN EXPORTS OF FRESH GRAPEFRUIT, SINGLE- STRENGTH ORANGE AND GRAPEFRUIT JUICE, OR CIGARS, AND STRESSED THAT IN GROWING UK MARKET FOR RUM, THERE WAS ROOM FOR US LIGHT RUM AS WELL AS COMMONWEALTH CARIBBEAN DARK RUM. ( TABLE POUCHES TO GENEVA AND LONDON)

6. RENNER SAID, IN VIEW OF FLEXIBILITY OF OUR PROPOSAL LIMITED OFFICIAL USE

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AND LENGTHS TO WHICH WE HAVE GONE TO SHOW QUOTAS HAVE NOT

ASSISTED COMMONWEALTH CARIBBEAN ON PRODUCTS OF PRACTICAL  
CONCERN TO US, IT IS NOW TIME FOR PANEL TO FOCUS ON LEGAL  
ISSUE, EXAMINE QUESTION OF IMPAIRMENT, AND MAKE RECOMMEN-  
DATION ON THESE POINTS. PANEL FINDINGS AND RECOMMENDA-  
TIONS IN ACCORDANCE WITH ITS TERMS OF REFERENCE DO NOT  
NECESSARILY PRECLUDE BILATERAL OR EVEN TRILATERAL  
CONSULTATIONS AT SOME POINT. RUSH

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